

# **Guidance for the Preparation of Fiscal Year 1996 Financial Statements**

## **Table of Contents**

<u>Section</u>	<u>Page</u>
1. Transmittal and Due Dates	A-3
a. Completion of Audits and Submission of Financial Data	
b. Transmittal of Annual Financial Reports	
2. Departmental Print Contract	A-4
3. Authoritative Hierarchy	A-4
a. Statements of Federal Financial Accounting Standards	
b. OMB Form and Content Guidance	
c. Other Authoritative Guidance	
d. Statements of Federal Financial Accounting Concepts	
4. Early Implementation	A-5
5. Completeness of the Reporting Entity	A-6
6. Financial Statements	A-7
7. Segment Reporting	A-8
8. Intra-Bureau and Intra-Department Eliminations	A-8
9. Environmental Clean-Up Liabilities and Other Contingent Liabilities	A-9
10. Accounting for Property, Plant and Equipment (SFFAS #6)	A-10
11. Stewardship Reporting (SFFAS #8)	A-10
12. Accounting for Revenue and Other Financing Sources (SFFAS #7)	A-11
13. Audit of Non-Financial Information	A-11

14. GAO Audit Oversight	A-12
15. Preparation of the Planning Data Request	A-12
a. General Guidance	
b. Bureau Planning Meeting	
c. Due Date	
16. Preparation of the Financial Information Data Request	A-13
a. General	
b. Due Date	
c. Information for Footnotes and Stewardship Reports	
d. Audit Sign-Off	
e. Consolidated Trial Balances	
17. Completeness of the Reporting Entity - Indicative Criteria	A-18
18. Boards, Commissions and Committees of the Department of the Interior	A-20

## **Guidance for the Preparation of Fiscal Year 1996 Financial Statements**

### **1. Transmittal and Due Dates**

The Government Management and Reform Act of 1994 requires federal agencies to submit consolidated fiscal year 1996 financial reports to the Office of Management and Budget (OMB) no later than March 1, 1997.

As you may recall, the Department submitted all fiscal year 1994 bureau-level audited financial reports to OMB on March 1, 1995. To accomplish this, the majority of the 1994 audits were essentially completed by December 1994 or January 1995. However, the government furloughs in the fall and winter of 1995/1996 prevented the Department from completing the majority of the fiscal year 1995 bureau audits by the March 1 date.

#### **a. Completion of Audits and Submission of Financial Data**

In order to complete the 1996 Consolidated financial statements by the March 1 due date, audit field work on the bureau financial statements and footnotes must be completed by **December 20, 1996**. This necessitates that the year-end close take place on a timely basis, and as much information as possible be provided to the auditors early in the financial statement process. The adjusted trial balance and footnote information reflecting all audit adjustments must be submitted to PFM by **Friday, December 20, 1996**. In addition, please forward a final copy of each of the bureau's annual report sections (e.g. financial statements, footnotes, overview, etc.) to the Office of Financial Management (PFM) at the same time you provide it to the Office of the Inspector General (OIG) auditors.

The Planning Data Request includes a summarized timetable of major milestones. This timetable should be completed by each bureau in consultation with their OIG auditors.

Bureaus should also work with the auditors to identify any procedures which would serve to streamline the audit process. For example, in many cases financial statement formats, footnotes, and overview material can be drafted prior to year end, and

agreement reached on the general presentation prior to finalization of the financial data.

b. **Transmittal of Annual Financial Reports**

In order to deliver the annual financial reports to the Office of Management and Budget by Friday February 28, 1997, PFM must receive the bureau's "glossy" annual financial statements no later than **Tuesday February 25, 1997**. Please send a copy of the camera ready report to PFM at the same time you provide it to the OIG and the printer.

The transmittal to PFM should include 25 copies of the bureau's printed annual report along with a cover memo from the Bureau Director which summarizes the primary accomplishments, concerns and performance measures presented in the annual report.

**2. Departmental Print Contract**

The Department intends to enter into a Department-wide print contract for the printing of annual financial reports which bureaus, at their option, may participate in. The objectives of this contract will be to provide high quality and timely printing of the annual reports at a reasonable price.

Please indicate at Item 8 of the Planning Data Request (Attachment B) whether your bureau might be interested in participating in such a contract.

**3. Authoritative Hierarchy**

a. **Statements of Federal Financial Accounting Standards**

Three statements recommended by the Federal Accounting Standards Advisory Board and adopted as Statements of Federal Financial Accounting Standards (SFFAS) are currently effective. They are:

- SFFAS #1, "Accounting for Selected Assets and Liabilities"
- SFFAS #2, "Accounting for Loans and Loan Guarantees"
- SFFAS #3, "Accounting for Inventory and Related Property"

The provisions of these standards must be applied in the preparation of fiscal year 1996 financial statements.

Several other standards have been adopted, but the required implementation date is fiscal year 1997 or later. They are:

- SFFAS #4, "Managerial Cost Accounting"
- SFFAS #5, "Accounting for Liabilities"

SFFAS #6, "Accounting for Property, Plant and Equipment"  
SFFAS #7, "Accounting for Revenue and Other Financing Sources"  
SFFAS #8, "Stewardship Reporting"

Note that the provisions of the Managerial Cost Accounting standard do not directly impact the presentation of financial information in the annual financial report.

b. OMB Form and Content Guidance

OMB Bulletin 94-01, "Guidance on the Form and Content of Agency Financial Statements," is still in effect. A revision to Bulletin 94-01 has been issued in draft form and is expected to be finalized this fall. However, this revision will not be effective for Fiscal Year 1996 financial statements.

c. Other Authoritative Guidance

If questions arise regarding issues that are not addressed by SFFAS or OMB Form and Content guidance, the agency should look to any existing policies they may have in effect and to authoritative guidance issued by other standard setting bodies, such as the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

d. Statements of Federal Financial Accounting Concepts

Statements of Federal Financial Accounting Concepts (SFFAC) are not authoritative, per se, and do not have required implementation dates. Two have been issued to date:

SFFAC #1, "Objectives of Federal Financial Reporting"  
SFFAC #2, "Entity and Display"

The Entity and Display document contains a very useful guidance regarding the completeness of the entity (i.e. which funds and commissions should be included in the reporting entity) and the presentation of financial information. OMB will rely on these concepts when establishing Form and Content Guidance and in answering any questions regarding what activities should be included as part of the reporting entity.

#### **4. Early Implementation**

Early implementation is encouraged by all of the new accounting standards, and the Property, Plant and Equipment standard specifically permits partial implementation. For a variety of reasons, OMB has requested that agencies receive OMB approval for early implementation of new SFFAS standards and/or the upcoming Form and Content guidance. This approval, however, is not expected to be withheld. At item 6 of the Planning Data Request, we have asked for the bureau's estimate of when the major provisions of SFFAS 5 through 8 are expected to be implemented. PFM will use this data to request all necessary waivers from OMB on behalf of the Department and individual bureaus.

The new accounting standards, as a rule, result in clearer and more meaningful financial reporting. PFM strongly encourages bureaus to implement new Federal accounting standards as soon as is practicable.

## **5. Completeness of the Reporting Entity**

In prior years, there have been a number of funds, commissions and other activities that appear in the bureau's budget and/or general ledger but that have been excluded from the bureau financial statements for a variety of reasons. Recent guidance, including SFFAC #2, "Entity and Display" and statements from OMB, has emphasized the need to take another look at these excluded activities. The ultimate objective is that the reporting entity should be complete.

SFFAC # 2 lists various criteria to use when determining whether a fund, commission or activity is part of the reporting entity. The general rule is that if the Treasury fund symbol of an activity indicates that it is part of a bureau, it should be reported in the financial statements of that bureau. Inclusion in the budget is referred to as the "conclusive criterion."

There may be instances when funds, commissions or activities are excluded from the budget for political or other reasons, but which, for completeness, should be included as part of the reporting entity. SFFAC #2 lists a number of "indicative criteria" for use in determining whether a given activity should be included as part of the reporting entity. The indicative criteria must be considered in their entirety using professional judgment and the facts and circumstances of the activity. There is no formula which specifies a certain conclusion when a certain number of indicative criteria are met by the activity. Indicative criteria include:

- Exercise of any sovereign power of the government to carry out Federal functions, such as . the power to collect taxes or other compulsory payments, use police powers, etc.

- Ownership by the Federal Government, particularly if the ownership is of the organization and not just the property.

- Subject to the direct or continuing administrative control of the reporting entity, for example:

- the ability to select or remove the governing authority
  - authority to review and modify or approve budget requests
  - authority to sign contracts as the contracting authority
  - approval of hiring, reassignment, and removal of key personnel

- Carrying out Federal missions and objectives

A format for evaluating the inclusion of questionable funds and commissions is presented at Item 17 of this Attachment. A preliminary list of potential commissions and funds that should be considered for inclusion in bureau reporting entities is presented at Item 18.

Funds, commissions and activities identified as belonging to the bureau reporting entity should, if possible, be included in the reporting entity in fiscal year 1996. Consideration should be given to restating the prior year financial statements (fiscal year 1995) to reflect the change in reporting entity. If the newly included entities are material, the bureau should discuss potential restatement with PFM and their OIG auditors. If the inclusion of an element of the reporting entity is not currently feasible this year, please indicate in the Planning Data Request the reasons why the amounts cannot be included as well as what steps will taken to include these amounts in future years.

## **6. Financial Statements**

SFFAC #2, "Entity and Display" presents new financial statement formats. These new formats are repeated in SFFAS #7, "Accounting for Revenue and Other Financing Sources," which gives them authoritative standing. In addition, the revised Form and Content Bulletin will require these new statement formats beginning in Fiscal Year 1998.

The Financial Statements prescribed by the new standards are as follows:

- a. Statement of Financial Position: Reflects only minor changes to the Equity section.
- b. Statement of Net Cost: Includes expenses and certain revenues from the previous "Statement of Operations." The remainder of the information from the Statement of Operations will now appear on the Statement of Changes in Net Position.
- c. Statement of Changes in Net Position: Reconciles the beginning and ending equity balances, relying primarily on Net Cost of Operations from the Net Cost Statement, and financing sources and certain revenues from the old Statement of Operations.
- d. Statement of Custodial Activity: No changes from the Bulletin 94-01 format.
- e. Statement of Budgetary Activity: A new statement that summarizes "Form 133" budgetary information for the reporting entity. No similar information was requested by Bulletin 94-01.
- f. Statement of Financing: A new statement that reconciles budgetary information to accrual cost information.

The vast majority of the changes on the first four statements above are merely changes in "geography" - the placement and presentation of existing data. PFM recommends that "a" through "c" above be adopted by the agency as soon as is practicable. (The Statement of Custodial Activity is already prepared by applicable bureaus.) Although the budgetary data for the Statement of Budgetary Activity should be readily available to the bureau, much of

it has not been audited in the past, therefore bureaus should consider presenting this statement as “unaudited” the first time it is included in the Annual Report (either fiscal year 1996 or 1997). The Statement of Financing is entirely new and guidance on the preparation of this statement is expected from OMB and/or Treasury in the near future. Presentation of this statement in fiscal year 1996 is entirely optional.

## **7. Segment Reporting**

The revised Form and Content Bulletin will require the presentation of segment information in fiscal year 1998.

In preparation for this requirement, some form of segment data should be presented in fiscal year 1996. Segments may be defined according to operational units, underlying mission, geographic regions, or any other categorization which the bureau believes would provide meaningful information to users of the financial report. At the bureau’s option, segment data may audited or unaudited in fiscal years 1996 and 1997 and may be reported:

- a. On the face of the financial statements (audited)
- b. As footnote information (audited)
- c. As supplemental information (audited or unaudited)

## **8. Intra-Bureau and Intra-Department Eliminations**

Beginning in fiscal year 1998, combined financial information will no longer be permitted - all agencies will be required to present consolidated financial data. (When “combined” financial data is presented, financial balances are not adjusted for the impact of intra-entity transactions.)

The Department will again present consolidated financial data in fiscal year 1996. This requires that significant intra-bureau transactions must be identified and eliminated in addition to the identification of intra-Department transactions. In addition, Bureaus should strive to present consolidated financial information in fiscal year 1996 in preparation for the 1998 requirement.

An FFS systems solution for identifying intra-Department transactions is expected to be implemented during fiscal year 1997. In the meantime, PFM will work with the bureaus to identify reasonable methods for identifying (or if necessary, estimating) intra-Department transactions.

Note: when consolidating financial statements are presented, it is customary for eliminations to be reflected in the column immediately to the left of the entity totals. This column, often titled “Eliminations and Other” may include elimination entries only, or it may also include small agency segments, such as bureau management and administration.



Completion of eliminations data in the Financial Information Data Request:

- a. Transactions between bureaus resulting in year-end accounts receivable and payable balances and/or resulting in the recognition of revenues and expenses during the fiscal year should be identified for elimination at the Consolidated Department-wide financial statement level. These transactions may be identified based on OPAC transactions, amounts accumulated in FFS vendor tables, by analysis of specific accounts or by any other means which the bureau believes to be appropriate.
- b. Bureaus should reconcile their intra-Department eliminations data with the offsetting bureau prior to the submission of the data to PFM.
- c. Entries for intra-bureau eliminations should be made by the bureau during its financial statement preparation process. All amounts forwarded to the Department should already reflect the necessary eliminations for intra-bureau transactions.

Please contact Phil Daniels at (202) 208-5225 if you have any questions regarding the elimination of intra-bureau or intra-Department transactions.

## **9. Environmental Clean-Up Liabilities and Other Contingent Liabilities**

- a. SFFAS #5, "Accounting for Liabilities" will be effective beginning fiscal year 1997. This standard requires the recognition and/or disclosure of contingent liabilities, including liabilities for environmental clean-up. Two issue papers have been issued by a government-wide task force which provide guidance for determining when an environmental liability is probable and reasonably estimable. These papers were distributed at the Financial Statement Preparation Training held in July. In addition, these papers in Word Perfect Format are included on the enclosed reference disk.

Bureaus should make initial attempts to identify and disclose environmental liabilities in fiscal year 1996, in preparation for the required disclosures next year.

- b. Contingent Liability disclosures should state the facts in general terms. Extreme care should be taken to ensure that the government's position with regard to any ongoing litigation or dispute is not compromised by the wording of the contingency disclosure. Bureaus should consider:
  - i. Presentation of summarized information regarding a number of similar contingent situations, so that confidential information about any one situation is not disclosed; and
  - ii. Review of contingency disclosures by the Solicitor's Office prior to publication.

The letter from the Solicitor's Office should be dated as of the end of field work (December 20, 1996 or earlier date agreed upon with the OIG). Bureaus should bear in mind that contingent liabilities may exist outside the scope of the Solicitor's Office responsibilities.

## **10. Accounting for Property, Plant and Equipment (SFFAS #6)**

Two provisions of the Property, Plant and Equipment standards will have a significant impact on the Department:

- a. Stewardship Assets - stewardship land and heritage assets - will no longer have a financial value. Thus, these assets will not appear on the financial statements or the general ledger with a dollar value. However, reporting of relevant, non-financial information about stewardship assets is required by the Stewardship Reporting standards.
- b. Estimated deferred maintenance disclosures will be required in the notes to the financial statements. The standards do not require any studies solely to support financial statement disclosures, however the entity is expected to report what is known about the impacts and potential costs associated with deferred maintenance.

These standards will be required beginning in fiscal year 1998. Bureaus should begin to gather deferred maintenance data and experiment with disclosures in fiscal year 1996 or 1997.

The Property, Plant and Equipment standards do not set a capitalization threshold. Bureaus should develop reasonable capitalization thresholds for major classes of property (e.g. real property, equipment, etc.) that capture the bulk of the dollar value associated with that class of property while minimizing the number of immaterial assets tracked.

## **11. Stewardship Reporting (SFFAS #8)**

The intent of Stewardship Reporting is to present information regarding the entity's stewardship over assets and resources beyond that which can be communicated in financial statements. The presentation of applicable stewardship reports will be required beginning in fiscal year 1998.

In general, the information presented in Stewardship Reports is subject to a lower level of audit than the data presented in the financial statements and notes to the financial statements. Prior to the required implementation date, bureaus may present Stewardship information as unaudited supplemental information. PFM recommends that bureaus begin to experiment with the presentation of applicable Stewardship Reports beginning in fiscal year 1996.

SFFAS #8 identifies several types of Stewardship Reports and describes the basic types of data to be presented. The Stewardship Reports that may be applicable to the Department are described below:

- a. Stewardship Assets are assets owned by the reporting entity but which do not have a relevant or identifiable financial value. Stewardship Assets of the Department include:

- i. Stewardship land, i.e. public domain land, and land used as parks, wildlife refuges and wilderness areas. Nearly all land managed by the Department is stewardship land.
  - ii. Heritage assets, i.e. monuments, museum collections, the National Park System and other national treasures.
- b. Stewardship Investments: The Federal government incurs many different types of expenses that do not result in the creation of a Federally owned asset, yet which are expected to benefit the nation over time. Stewardship reporting is the vehicle by which agencies may communicate the long-term benefits of these programs and expenses. Stewardship Investments applicable to the Department include:
  - i. Investments in Research and Development, i.e. those expenses incurred by an entity that fund basic, applied and/or developmental scientific research.
  - ii. Investments in Human Capital, i.e. those expenses that fund education and training programs that are expected to improve the nation's economic capacity. This might include many of the Bureau of Indian Affairs education programs and the job corp programs.
  - iii. Investments in Non-Federal Physical Property, i.e. those expenses that fund the acquisition or construction of property that the Federal government does not retain title to. This would include the construction of schools, roads and other property that will be owned by Indian Tribes rather than BIA.

Stewardship reporting should be limited to activities which are significant in amount and which are a fundamental to the agencies mission. Incidental activities, such as small amounts of research and development or a small job corps program, would not normally require stewardship reporting.

## **12. Accounting for Revenue and Other Financing Sources (SFFAS #7)**

The Revenue accounting standard defines revenue according to the substance of the underlying transactions rather than according to the budgetary treatment of the inflow. In addition, this standard prescribes new financial statements. The provisions of this standard are effective in fiscal year 1998.

## **13. Audit of Non-Financial Information**

OMB Bulletin 93-06 states that with regard to the information presented in the Overview, "The auditor shall: . . . (5) Assess whether the information and manner of its presentation in the Overview of the Reporting Entity and in the Supplemental Financial and Management Information sections are materially inconsistent with the information in the Principal Statements and, where applicable, the Combining Statements."

Representatives from OMB have recently reiterated the guidance.

## **14. GAO Audit Oversight**

The General Accounting Office (GAO) is responsible for the audit of the Government-wide financial statements. In this capacity, GAO personnel will be reviewing certain OIG workpapers and audit procedures. However, the OIG remains the sole auditor of bureau financial data. Management of GAO, the OIG and PFM have agreed that any requests for information that GAO might have will be discussed with the OIG and, if necessary, passed on to the bureau by the OIG. In certain clearly defined instances, GAO has agreed to assist the OIG in performing selected reviews and detail testing. In these instances, the bureau will be specifically notified of GAO's involvement and the scope of testing to be performed by them. The OIG Auditor in Charge will continue to be the primary contact.

The OIG has adopted GAO's Financial Audit Manual (FAM) as a guide for conducting the financial statement audits. The FAM is an excellent guide for the conduct of complete and properly documented audits (however, the FAM, as with all audit programs and guides, requires the use of professional judgment). The adoption of this manual may result in additional levels of documentation and detail testing by the OIG. The OIG is aware of the impact that additional levels of testing may have on the completion of the audits, and has considered this in their audit planning. Please feel free to contact Debra Carey with any questions or concerns regarding the level of audit work performed or the impact of the additional testing on the completion of the audits.

## **15. Preparation of the Planning Data Request**

### **a. General Guidance**

The purpose for this request is to gather information needed by PFM:

- i. To efficiently prepare the Department-wide Consolidated financial statements; and
- ii. To enable PFM to provide assistance to bureaus in the preparation of bureau-level financial statements, for example by requesting necessary waivers for the early adoption of accounting standards and by providing guidance for the adoption of new standards and statement formats.

### **b. Bureau Planning Meeting**

We would like each bureau to set up a meeting with PFM to discuss the information in the Planning Data Request, procedures the bureau intends to use to accumulate intra-Department elimination information and any other issues. If necessary, this meeting may be conducted by video-conference or teleconference and should include, at a minimum, Debra Carey and Phil Daniels of this office and the lead OIG auditors assigned to the bureau, in addition to bureau personnel. The meeting should be conducted as soon as possible, and no later than September 18, 1996.

c. Due Date

This information should be provided to PFM approximately two business days before the PFM/Bureau/OIG meeting discussed above, and in any case no later than September 13, 1996.

## **16. Preparation of the Financial Information Data Request**

a. General

The information requested on the Financial Information Data Request should be finalized after all audit adjustments have been identified, and should reflect those audit adjustments. Schedules may be forwarded to PFM as they are completed, provided that the OIG has signed off on the information and no further adjustments are expected. (It is not necessary to wait until all schedules are completed.)

If any schedule is not applicable, please simply state that on the form and return it to PFM. Feel free to add more lines or columns if needed.

Please contact Debra Carey (202-208-5542) or Phil Daniels (202-208-5225) if you have any questions regarding the preparation of this information.

b. Due Date

The Financial Information Data Request information should be provided to PFM with the OIG sign off by Friday, December 20, 1996.

c. Information for Footnotes and Stewardship Reports

It is intended that these schedules summarize essentially the same information that will appear in the bureau's footnotes to the financial statements. Specific instructions are provided on the each schedule.

d. Audit Sign-Off

The intent of the Audit Sign-Off is to indicate that the amounts reflected on the schedule are, in the aggregate, those audited by the OIG. This means that all adjustments have been reflected in the schedules as appropriate.

Audit Sign-Off does not indicate that each amount has been separately audited and proven correct. The Audit Sign-Off is not intended to require any additional audit work on the part of the OIG auditors. In other words, the level of audit work for any given line item that the OIG determined during its audit planning to be appropriate is expected to be sufficient. Thus, if an amount included on a schedule was determined by the OIG not to require detail testing due to immateriality, audit sign-off is still appropriate with no specific audit testing (the amount is immaterial).

The bureau level data will be consolidated into Department-wide totals, and the materiality threshold applied should be that which applies to the consolidated financial statements. In the vast majority of cases, the Department-wide materiality threshold will be greater than the threshold applied to any individual bureau.

The OIG should keep two copies of the pages signed off on: one for the workpapers and one to be forwarded by the OIG auditor to Curtis Crider.

Please contact Curtis Crider, auditor-in-charge of the Consolidated Department-wide audit at (202) 208-6415 if you have any questions or need clarification.

e. Consolidated Trial Balances

i. Columns and Treasury Fund Symbols: We have found that Treasury may not always be consistent when assigning fund symbols to funds. Thus, if the bureau has a fund whose fund symbol indicates that it should be in a given column, but the substance of the fund's activity does not seem to fit the assigned column, please include the fund in the column that is closest to the substance of the fund's activities. Specifically:

- (1) If the fund that is more like a different Treasury Fund symbol than the assigned one, please include it in the column that would most appropriately describe its activity.
- (2) Also, if you have a fund within the Treasury symbols that you do not believe should be adjusted according to the following instruction for the column as described below, include it under "Other" and include an explanation.

Please include explanations of any such changes, including (a) the source of revenues or resources and whether the revenue is exchange or non-exchange revenue; (b) the source of the fund's spending authority and whether the spending authority derives from the annual appropriation bill as a definite amount or from collections as an indefinite amount or other; and (c) the authority for and any restrictions on any net results (due to Treasury, can be kept by Bureau, fiduciary relationship, etc.).

At the bottom of each column, please write in the Treasury Fund Symbol(s) which appear in that column.

Each column must total to \$0. A formula at the bottom of each column returns "Ok" if the column total is \$0 and "Not in Balance!" if the total is other than \$0.

- ii. Total Column: This column already has formulas to summarize other columns. Please don't modify.
- iii. A. Intra-Bureau Eliminations: As indicated by the title, this column is for all eliminations necessary for the bureau to present consolidated financial statements. Any revenue, expenses, receivables or payables associated with other funds in the bureau are to be eliminated in this column.

- iv. B. Operating Funds Treasury Symbol 1000's: This column should be the total of all the bureau's 1000 Treasury Symbol Funds. Please check for the following relationships:
- (1) Account 5700 should equal to the inverse of all other 5000, 6000 and 7000 accounts except for accounts 6112, 6912 and any unfunded amounts in account 7400.
  - (2) If you use account 3210, it should equal the inverse of all inventory and fixed asset accounts (1500's through 1800's) plus 3220 and 3230 (and 3400 if its balance includes donated inventory or equipment).
  - (3) If you use account 3501, it should be the inverse of all unfunded liabilities.
  - (4) Accounts 3310 and 3320 should be -0-.
- v. C. Reimbursables: These should be any reimbursable funds that are already included in Column B. (They will not be added into the Total Column.) Since these funds are intended to "break even", all 3000 accounts should be -0-.
- vi. D. Miscellaneous Receipts: These should be the bureau's miscellaneous funds that used to be Treasury's revenue, but will be reported as bureau revenue when you adopt the Revenue Standard. These should already be included in Column B. (They will not be added into the Total Column.)
- vii. E. Trust Funds 8400-8499: These are "revolving trust funds" which account for agreements with the public wherein advances are received to provide goods and/or services with the public, however, are not a business type fund. There is **NO** Government Equity in these funds. Advances are received from customers from which program expenditures are made. Any "net results" at the end of the year would be due to spending more than has been received yet, or receiving more than has been spent, and should be reflected as a receivable or as customer advances, depending on whether the net result is a debit or credit.
- viii. F. Trust Funds 8000-8399 & 8500-8999: Please analyze these funds to determine the "nature of the fund relationship to the Government and to the fund beneficiaries". Review the authorizing legislation to determine what would happen to any funds not used for the trust purpose. Consider the following questions:
- (1) Where do the resources come from?
  - (2) Who operates the program (the bureau or another entity)?
  - (3) The bureau's relationship to any net results (fiduciary or ownership).
- If these funds can only be spent under the terms of a trust agreement or statute, it would seem that the relationship to these funds would be fiduciary in nature.

Conclusion: If the resources (spending authority) derives from special trust fund receipt funds, earmarked for a particular purpose; the bureau operates the program under a trust agreement or statute, or passes on the funds to another entity to operate under a trust agreement or statute, and any remaining funds would need to be carried forward for these specific purposes, (rather than returning to the general fund or remaining with the bureau for other purposes), then any remaining equity would have to be recorded as a deferred or fiduciary liability. There would be **NO** equity in these funds. If you do not

think the trust fund should be accounted for in this manner, please record it under “Other Funds” and attach your justification for the different treatment.

- ix. G. Revolving Intra-Government Working Capital Funds 4000-4499: Since these are business-type funds intended to charge fees to cover expenses, there should be no unfunded liabilities or expenses. All results of operations (including capital investments) should be reflected in cumulative results of operations. There should be no amounts in accounts 3100, 3200's or 5700.
- x. H. Revolving Public Enterprise 4500-4999: These are also business-type funds and should be treated the same as Column G.
- xi. I. Special Receipts Available - Treasury Symbol 5000's: These are funds that are authorized to use program collections for program expenses. Even though they may receive a warrant from Treasury, this merely creates spending authority and is not to be treated the same as a specified general fund appropriation. Even without FASAB's Revenue Standard, these expenditures are not funded by appropriations, but rather by revenue. Net results of operations should be reflected in GLAC 3310. There should be no amounts in accounts 3100 or 5700.
- xii. J. Special Receipts Unavailable - Treasury Symbol 5000's: These are funds that may be authorized to use program collections for program expenses (even though temporarily unavailable). When and if they do receive spending authority, even though they may receive a warrant from Treasury, this merely creates spending authority and is not to be treated the same as a specified general fund appropriation. Even without FASAB's Revenue Standard, these expenditures are not funded by appropriations, but rather by revenue. Net results of operations should be reflected in GLAC 3310. These should be identified as “restricted” until spending authority is received. There should be no amounts in accounts 3100 or 5700. Again, if your fund does not meet the criteria for unavailable receipts, put it in one of the “Other Fund” columns and provide your reasoning.
- xiii. K. Custodial: This column is for funds that are collected by the bureau (and subsequently disbursed) that are Revenue to someone else. Do not include these amounts in any of the other columns. These funds when transferred are not Intra-Department or Intra-Bureau transactions and should not be included in the elimination column or the Departmental elimination entry.
- xiv. L. M. N. Other: There are three columns provided for any funds that the bureau will be reporting on that do not meet the criteria in any of the other columns. Please provide a complete description for these funds. (Purpose, authority, relationship to funds, source of any spending authority, description, source of any collections, any restrictions, etc.)
- xv. O. Liquidating Loans: Use this column for all funds for pre-1991 loans. These funds should have no Bureau equity. After regard for a contingent liability for Guaranteed Loans, any net assets should be reflected as an amount payable to Treasury. Do not



include these amounts under any other column, regardless of the Treasury Symbol Number.

- xvi. P. Credit Reform Loans: This column should include all funds associated with credit reform loans. These funds also should have no Bureau equity except for unexpended appropriations in the Program Accounts. Any net assets after consideration of the liability for loan guarantees should be reflected as Borrowings from Treasury.

## 17. Completeness of the Reporting Entity - Indicative Criteria

<b>Reporting Entity:</b>		<b>Prepared by:</b>	
<b>Questioned Organization:</b>		<b>Date Prepared:</b>	
<b>Conclusion:</b>			
The Indicative Criteria for determining whether an organization not listed in the "Federal Programs by Agency and Account" section of the budget is nevertheless part of a financial reporting entity are as follows:			
<b>Indicative Criteria:</b>		<b>Yes/No</b>	<b>Applicable to Organization Comments</b>
A.	It exercises any sovereign power of the government to carry out Federal functions. Evidence of sovereign powers are the power to collect compulsory payments, e.g., taxes, fines, or other compulsory assessments; use police powers; conduct negotiations involving the interests of the United States with other nations; or borrow funds for Government use.		
B	It is owned by the Federal Government, particularly if the ownership is of the organization and not just the property. Ownership is also established by considering who is at risk if the organization fails, or identifying for whom the organization's employees work.		
C.	It is subject to the direct or continuing administrative control of the reporting entity, as revealed by such features as:		
	(1) the ability to select or remove the governing authority or the ability to designate management, particularly if there is to be a significant continuing relationship with the governing authority or management with respect to carrying out important public functions (in contrast to selections and designations in which there is little continuing communication with, or accountability to, the appointing official);		
	(2) authority to review and modify or approve budget requests, budgetary adjustments, or amendments or rate or fee changes;		
	(3) ability to veto, overrule, or modify governing body decisions or otherwise significantly influence normal operations;		
	(4) authority to sign contracts as the contracting authority;		

	(5)	approval of hiring, reassignment, and removal of key personnel;		
	(6)	title to, ability to transfer title to, and/or exercise control over facilities and property; and		
	(7)	right to require audits that do more than just support the granting of contracts. (While many of these criteria exist in a client-contractor relationship, it is not necessarily intended that an entity's contractor be considered as part of the reporting entity.)		
D.	It carries out Federal missions and objectives.			
E.	It determines the outcome or disposition of matters affecting the recipients of services that the Federal Government provides.			
F.	It has a fiduciary relationship with a reporting entity, as indicated by such factors as the ability of a reporting entity to commit the other entity financially or control the collection and disbursement of funds; and other manifestations of financial interdependency, such as a reporting entity's responsibility for financing deficits, entitlement to surpluses (although not necessarily the assets acquired from failed units), or the guarantee of or "moral responsibility" for debt or other obligations.			
G.	The entity or any of the above criteria are likely to remain in existence for a time, i.e., the interest in the entity and its governmental characteristics is more than fleeting.			

SFFAC #2 also states:

“In applying the indicative criteria, the materiality of the entities and their relationship with one another should be considered. Materiality should not be measured solely in dollars. Potential embarrassment to any of the entities' stakeholders should also be considered. Thus, a bias toward expansiveness and comprehensiveness would be justified, particularly if it could contribute to maintenance of fiscal control. [NOTE 4: Any uncertainty as to what to consider as a reporting entity would be resolved by OMB in consultation with the appropriate Congressional committees.]”

*Source: Statement of Federal Financial Accounting Concepts Number 2, “Entity and Display,” paragraphs 44 through 46.*

**18. Boards, Commissions and Committees of the Department of the Interior**  
Preliminary Listing

Fund, Commission or Activity	Bureau (tentative)	Conclusive:	Indicative:	Comments
		In Budget? Y / N	Y / N	
Indian Arts and Crafts Board	BIA			
Indian Energy Resources Commission	BIA			
Indian Trust Funds Advisory Committee	BIA			
Joint Tribal/BIA/DOI Advisory Task Force on BIA Reorganization	BIA			
California Desert District Advisory Council	BLM			
Fort Union Regional Coal Team	BLM			
Gila Box Riparian National Conservation Area Advisory Committee	BLM			
Green River-Hams Fork Regional Coal Team	BLM			
Iditarod National Historic Trail Advisory Council	BLM			
Powder River Regional Coal Team	BLM			
San Juan Regional Coal Team	BLM			
San Pedro Riparian National Conservation Area Advisory Committee	BLM			
Uinta-Southwestern Utah Regional Coal Team	BLM			
Bureau of Mines Advisory Board	BOM			
Bay Delta	BOR			
Colorado River Basin Salinity Control Advisory Council	BOR			
Reclamation Fund	BOR			
Trinity River Basin Fish and Wildlife Management Program Task Force	BOR			
Aquatic Nuisance Species Task Force	FWS			
Garrison Diversion Unit Federal Advisory Council	FWS			
International Porcupine Caribou Board	FWS			

Klamath Fishery Management Council	FWS			
Klamath River Basin Fisheries Task Force	FWS			
Migratory Bird Conservation Commission	FWS			
National Fish and Wildlife Foundation	FWS			
North American Wetlands Conservation Council	FWS			
RAC Bristol Bay Subsistence	FWS			
RAC Eastern Interior Alaska Subsistence	FWS			
RAC Kodiak/Aleutians Subsistence	FWS			
RAC North Slope Subsistence	FWS			
RAC Northwest Arctic Subsistence	FWS			
RAC Seward Peninsula Subsistence	FWS			
RAC South central Alaska Subsistence	FWS			
RAC Southeast Alaska Subsistence	FWS			
RAC Western Interior Alaska Subsistence	FWS			
RAC Yukon/Kushokim Delta Subsistence	FWS			
Silvio O. Conte National Fish and Wildlife Refuge Advisory Committee	FWS			
The Sport Fishing and Boating Outreach Partnership Council	FWS			
Federal Gas Valuation Negotiated Rulemaking Committee	MMS			
Indian Gas Valuation Negotiated Rulemaking Committee	MMS			
Minerals Management Advisory Board	MMS			
Acadia National Park Advisory Commission	NPS			
Cane River National Heritage Foundation	NPS			
Cape Cod National Seashore Advisory Commission	NPS			
Chesapeake and Ohio Canal National Historical Park Commission	NPS			
Committee for the Preservation of the White House	NPS			
Delaware Water Gap National Recreation Citizen Advisory Commission	NPS			

Delta Region Preservation Advisory Commission	NPS			
Farmington River Study Commission	NPS			
Gauley River National Recreation Area Advisory Committee	NPS			
Gettysburg National Military Park Advisory Commission	NPS			
Golden Gate National Recreation Area Advisory Commission	NPS			
Historic Preservation Advisory Council	NPS			
Historic Preservation Fund	NPS			
Jimmy Carter National Historic Site Advisory Commission	NPS			
Juan Batista De Anza National Historic Trail Advisory Study	NPS			
Kalaupapa National Historical Park Advisory Commission	NPS			
Keweenaw National Historical Park Advisory Commission	NPS			
Land and Water Conservation Fund	NPS			
Little Bighorn Battlefield National Monument Advisory Committee	NPS			
Maine Acadian Culture Preservation Commission	NPS			
Manzanar National Historic Site Advisory Commission	NPS			
Martin Luther King Jr National Historic Site Advisory Commission	NPS			
Mary McLeod Bethune Council House NHS Advisory Commission	NPS			
Mississippi River Coordinating Commission	NPS			
Mississippi River Corridor Study Commission	NPS			
Missouri Recreational River Advisory Group	NPS			
Natchez Historical Park Advisory Commission	NPS			
National Capital Memorial Commission	NPS			
National Park Foundation	NPS			
National Park of American Samoa Advisory Board	NPS			
National Park System Advisory Board	NPS			

Native American Graves Protection and Repatriation Review Committee	NPS			
Niobrara Scenic River Advisory Commission	NPS			
Non-reg Advisory Committee for Off-Road Vehicle Use at Cape Cod	NPS			
Pea Ridge National Military Park Advisory Team	NPS			
Petroglyph National Monument Advisory Commission	NPS			
Poverty Point National Monument Advisory Commission	NPS			
Preservation Technology and Training Board	NPS			
Salt River Bay National Historical Park and Ecological Preserve at St. Croix	NPS			
San Francisco Maritime National Historical Park Advisory Commission	NPS			
Santa Fe National Historic Trail Advisory Council	NPS			
Sleeping Bear Dunes National Lakeshore Advisory Commission	NPS			
Subsistence Resource Commission Aniakchak National Monument	NPS			
Subsistence Resource Commission--Cape Krusenstern National Monument	NPS			
Subsistence Resource Commission--Denali National Park	NPS			
Subsistence Resource Commission--Gates of the Arctic National Park	NPS			
Subsistence Resource Commission--Kobuk Valley National Park	NPS			
Subsistence Resource Commission--Lake Clark National Park	NPS			
Subsistence Resource Commission--Wrangell-St. Elias National Park	NPS			
Sudbury, Assabet, Concord Rivers Study Committee	NPS			
Trail of Tears National Historic Trail Advisory Council	NPS			
Underground Railroad Advisory Committee	NPS			
Upper Delaware Citizens Advisory Council	NPS			

Zuni-Cibola Advisory Commission	NPS			
Delaware River Basin Commission	OS			
Exxon Valdez Oil Spill Public Advisory Group	OS			
National Indian Gaming Commission	OS			
Susquehanna River Basin Commission	OS			
Office of Surface Mining Reclamation and Enforcement Advisory Board	OSM			
Reclamation and Enforcement Dialogue Committee on Coal Refuse Disposal	OSM			
Advisory Committee on National Cooperative Geologic Mapping Program	USGS			
Advisory Committee on Water Data for Public Use	USGS			
Earth Observing System Land Processes Distribution Active Archive Center SAP	USGS			
National Earthquake Prediction Evaluation Council	USGS			
United States Board on Geographic Names	USGS			
Others:				

Note: The above list is based on preliminary reviews by PFM. It may not be a complete listing of all funds, commissions or activities that should be considered.